

**Life Insurance
Buyer's Guide**

This guide can help you when you shop for life insurance. It discusses how to:

- Find a Policy That Meets Your Needs and Fits Your Budget
- Decide How Much Insurance You Need
- Make Informed Decisions When You Buy a Policy

Prepared by the National Association of Insurance Commissioners

The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various insurance departments to coordinate insurance laws for the benefit of all consumers.

This guide does not endorse any company or policy.

IMPORTANT THINGS TO CONSIDER

1. Review your own insurance needs and circumstances. Choose the kind of policy that has benefits that most closely fit your needs. Ask an agent or company to help you.
2. Be sure that you can handle premium payments. Can you afford the initial premium? If the premium increases later and you still need insurance, can you still afford it?
3. Don't sign an insurance application until you review it carefully to be sure all the answers are complete and accurate.
4. Don't buy life insurance unless you intend to stick with your plan. It may be very costly if you quit during the early years of the policy.
5. Don't drop one policy and buy another without a thorough study of the new policy and the one you have now. Replacing your insurance may be costly.
6. Read your policy carefully. Ask your agent or company about anything that is not clear to you.
7. Review your life insurance program with your agent or company every few years to keep up with changes in your income and your needs.

Buying Life Insurance

When you buy life insurance, you want coverage that fits your needs.

First, decide how much you need-and for how long-and what you can afford to pay. Keep in mind the major reason you buy life insurance is to cover the financial effects of unexpected or untimely death. Life insurance can also be one of many ways you plan for the future.

Next, learn what kinds of policies will meet your needs and pick the one that best suits you.

Then, choose the combination of policy premium and benefits that emphasizes protection in case of early death, or benefits in case of long life, or a combination of both.

It makes good sense to ask a life insurance agent or company to help you. An agent can help you review your insurance needs and give you information about the available policies. If one kind of policy doesn't seem to fit your needs, ask about others.

This guide provides only basic information. You can get more facts from a life insurance agent or company or from your public library.

What About the Policy You Have Now?

If you are thinking about dropping a life insurance policy, here are some things you should consider:

- If you decide to replace your policy, don't cancel your old policy until you have received the new one. You then have a minimum period to review your new policy and decide if it is what you wanted.

- It may be costly to replace a policy. Much of what you paid in the early years of the policy you have now, paid for the company's costs of selling and issuing the policy. You may pay this type of cost again if you buy a new policy.
- Ask your tax advisor if dropping your policy could affect your income taxes.
- If you are older or your health has changed, premiums for the new policy will often be higher. You will not be able to buy a new policy if you are not insurable.
- You may have valuable rights and benefits in the policy you now have that are not in the new one.
- If the policy you have now no longer meets your needs, you may not have to replace it. You might be able to change your policy or add to it to get the coverage or benefits you now want.
- At least in the beginning, a policy may pay no benefits for some causes of death covered in the policy you have now.

In all cases, if you are thinking of buying a new policy, check with the agent or company that issued you the one you have now. When you bought your old policy, you may have seen an illustration of the benefits of your policy. Before replacing your policy, ask your agent or company for an updated illustration. Check to see how the policy has performed and what you might expect in the future, based on the amounts the company is paying now.

How Much Do You Need?

Here are some questions to ask yourself:

- How much of the family income do I provide? If I were to die early, how would my survivors, especially my children, get by? Does anyone else depend on me financially, such as a parent, grandparent, brother or sister?
- Do I have children for whom I'd like to set aside money to finish their education in the event of my death?
- How will my family pay final expenses and repay debts after my death?
- Do I have family members or organizations to whom I would like to leave money?
- Will there be estate taxes to pay after my death?
- How will inflation affect future needs?

As you figure out what you have to meet these needs, count the life insurance you have now, including any group insurance where you work or veteran's insurance. Don't forget Social Security and pension plan survivor's benefits. Add other assets you have: savings, investments, real estate and personal property. Which assets would your family sell or cash in to pay expenses after your death?

What Is the Right Kind of Life Insurance?

All policies are not the same. Some give coverage for your lifetime and others cover you for a specific number of years. Some build up cash values and others do not. Some policies combine different kinds of insurance, and others let you change from one kind of insurance to another. Some policies may offer other benefits while you are still living. Your choice should be based on your needs and what you can afford.

There are two basic types of life insurance: term insurance and cash value insurance. Term insurance generally has lower premiums in the early years, but does not build up cash values that you can use in the future. You may combine cash value life insurance with term insurance for a period of your greatest need for life insurance to replace income.

Term Insurance covers you for a term of one or more years. It pays a death benefit only if you die in that term. Term insurance generally offers the largest insurance protection for your premium dollar. It generally does not build up cash value.

You can renew most term insurance policies for one or more terms even if your health has changed. Each time you renew the policy for a new term, premiums may be higher. Ask what the premiums will be if you continue to renew the policy. Also ask if you will lose the right to renew the policy at some age. For a higher premium, some companies will give you the right to keep the policy in force for a guaranteed period at the same price each year. At the end of that time you may need to pass a physical examination to continue coverage, and premiums may increase.

You may be able to trade many term insurance policies for a cash value policy during a conversion period—even if you are not in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

Cash Value Life Insurance is a type of insurance where the premiums charged are higher at the beginning than they would be for the same amount of term insurance. The part of the premium that is not used for the cost of insurance is invested by the company and builds up a cash value that may be used in a variety of ways. You may borrow against a policy's cash value by taking a policy loan. If you don't pay back the loan and the interest on it, the amount you owe will be subtracted from the benefits when you die, or from the cash value if you stop paying premiums and take out the remaining cash value. You can also use your cash value to keep insurance protection for a limited time or to buy a reduced amount

without having to pay more premiums. You also can use the cash value to increase your income in retirement or to help pay for needs such as a child's tuition without canceling the policy. However, to build up this cash value, you must pay higher premiums in the earlier years of the policy. Cash value life insurance may be one of several types; whole life, universal life and variable life are all types of cash value insurance.

Whole Life Insurance covers you for as long as you live if your premiums are paid. You generally pay the same amount in premiums for as long as you live. When you first take out the policy, premiums can be several times higher than you would pay initially for the same amount of term insurance. But they are smaller than the premiums you would eventually pay if you were to keep renewing a term policy until later years.

Some whole life policies let you pay premiums for a shorter period such as 20 years, or until age 65. Premiums for these policies are higher since the premium payments are made during a shorter period.

Universal Life Insurance is a kind of flexible policy that lets you vary your premium payments. You can also adjust the face amount of your coverage. Increases may require proof that you qualify for the new death benefit. The premiums you pay (less expense charges) go into a policy account that earns interest. Charges are deducted from the account. If your yearly premium payment plus the interest your account earns is less than the charges, your account value will become lower. If it keeps dropping, eventually your coverage will end. To prevent that, you may need to start making premium payments, or increase your premium payments, or lower your death benefits. Even if there is enough in your account to pay the premiums, continuing to pay premiums yourself means that you build up more cash value.

Variable Life Insurance is a kind of insurance where the death benefits and cash values depend on the investment performance of one or more separate accounts, which may be invested in mutual funds or other investments allowed under the policy. Be sure to get the prospectus from the company when buying this kind of policy and **STUDY IT CAREFULLY**. You will have higher death benefits and cash value if the underlying investments do well. Your benefits and cash value will be lower or may disappear if the investments you chose didn't do as well as you expected. You may pay an extra premium for a guaranteed death benefit.

Life Insurance Illustrations

You may be thinking of buying a policy where cash values, death benefits, dividends, or premiums may vary based on events or situations the company does not guarantee (such as interest rates). If so, you may get an illustration from the agent or company that helps explain how the policy works. The illustration will show how the benefits that are not guaranteed will change as interest rates and other factors change. The illustration will show you what the company guarantees. It will also show you what *could* happen in the future. Remember that nobody knows what will happen in the future. You should be ready to adjust your financial plans if the cash value doesn't increase as quickly as shown in the illustration. You will be asked to sign a statement that says you understand that some of the numbers in the illustration are not guaranteed.

Finding a Good Value in Life Insurance

After you have decided which kind of life insurance is best for you, compare similar policies from different companies to find which one is likely to give you the best value for your money. A simple comparison of the premiums is not enough. There are other things to consider. For example:

- Do premiums or benefits vary from year to year?
- How much do the benefits build up in the policy?
- What part of the premiums or benefits is not guaranteed?
- What is the effect of interest on money paid and received at different times on the policy?

Remember that no one company offers the lowest cost at all ages for all kinds and amounts of insurance. You should also consider other factors:

- How quickly does the cash value grow? Some policies have low cash values in the early years that build quickly later on. Other policies have a more level cash value build-up. A year-by-year display of values and benefits can be very helpful. (The agent or company will give you a policy summary or an illustration that will show benefits and premiums for selected years.)
- Are there special policy features that particularly suit your needs?
- How are nonguaranteed values calculated? For example, interest rates are important in determining policy returns. In some companies increases reflect the average interest earning on all of that company's policies regardless of when issued. In others, the return for policies issued in a recent year, or a group of years, reflects the interest earnings on that group of policies; in this case, amounts paid are likely to change more rapidly when interest rates change.

DEFINITIONS

Anniversary means the month and day of the Issue Date in succeeding calendar years.

Application means the documents signed by You in order to obtain this policy, to obtain reinstatement of this policy or to change this policy.

Attained Age means the Issue Age shown on the Schedule plus the number of Policy Years elapsed.

Beneficiary(ies) means the person(s) named in the policy Application, or later changed as described in the Change of Beneficiary section, to receive this policy's Proceeds, if any.

Due Date means the date renewal premiums are due.

Evidence of Insurability means information about the Insured Person We use to determine whether to approve or reinstate this policy or approve any converted policy.

Face Amount means the amount of this policy's insurance, as shown on the Schedule or by later endorsement.

Grace Period means the 31-day period after a Due Date during which premiums can still be paid and are considered to have been paid on the Due Date.

Insured Person(s) means the person(s) insured for the benefits of this policy or any attached rider, as listed on the Schedule, rider Schedule or as later amended.

Issue Date means the date the Insured Person first becomes insured for the benefits of this policy or any attached riders, as listed on the Schedule, rider Schedule or as later amended.

Policy Year means a period of 12 consecutive calendar months; the first of which begins on the Issue Date. Policy Years after the first year begin on each successive policy Anniversary thereafter.

Proceeds mean the amount payable upon the death of the Insured Person.

Reinstatement Date means the date We have both approved the Application for reinstatement and received any premiums due.

We, Us and **Our** means Assurity Life Insurance Company, a stock company.

You and **Your** means the person(s) listed as the Owner on the Schedule or later changed, as described in the Change of Ownership section.

PREMIUMS

Premium Payments. The first premium is due on the Issue Date. Premiums will include any rider premiums. Premiums paid after the first premium are renewal premiums.

Renewal premiums are due on the Due Date. This policy will lapse (will not be in force) if a renewal premium is not paid by the end of the Grace Period.

Grace Period. Premium not paid on or before its Due Date may be paid during the Grace Period. This policy will remain in effect if the premium is paid during the Grace Period. If the Insured Person's death occurs during the Grace Period, Proceeds remain payable after deducting the unpaid premium. If the premium due is not paid or postmarked in the United States by the end of the Grace Period, this policy will terminate for non-payment of premium (see Termination section).

We will provide written notice that this policy will terminate for non-payment of premium at least 31 days before such termination would occur. Notice will be to Your last known address and the last known address of any assignee of record. Notice will include the amount of premium necessary to keep this policy in force and the date by which such premium must be received.

Reinstatement. If premium is not paid by the end of the Grace Period, this policy will lapse (will not be in force). To reinstate this policy (to be in force again), You must apply for reinstatement in writing to Our administrative office within three years of this policy lapsing. The Application for reinstatement must be signed by the Insured Person and You, if different. The Application for reinstatement requires Our approval.

If the Application for reinstatement is approved, this policy may be reinstated with payment of any premium due, plus 6% interest compounded annually from each Due Date. This policy will be reinstated on the Reinstatement Date.

This policy cannot be reinstated if a surrender is requested under the Right to Examine or Right to Cancel section or after the Expiration Date on the Schedule.

BENEFITS

Payment of Proceeds. If the Insured Person dies while this policy is in force, and all provisions have been met, We will pay the Proceeds to the Beneficiary. Payment will be made within two months of receiving due proof of death at Our administrative office.

Proceeds are equal to:

- the Face Amount in force;
- plus any premiums paid beyond the date of the Insured Person's death; and
- less any premiums due, but unpaid.

Payment will include interest on the Proceeds from the date of the Insured Person's death until the date payment is made. The interest paid on Proceeds will be the higher of the rate payable under Payment Option 3. An additional interest rate of 10% annually will begin 31 days after the latest of the date:

- We receive due proof of death;
- We receive sufficient information to determine Our liability, the extent of the liability and the appropriate payee legally entitled to the Proceeds; and
- legal impediments to payment of Proceeds, that depend on the action of parties other than Us, are resolved and sufficient evidence of the same is provided to Us. Legal impediments to payment include, but are not limited to (a) the establishment of guardianships and conservatorships, (b) the appointment and qualification of trustees, executors and administrators and (c) the submission of information required to satisfy any state and federal reporting requirements.

Optional Payment of Proceeds. Upon the death of the Insured Person, We will pay Proceeds in a lump sum or under a payment option. We will not pay Proceeds under a payment option, unless requested to do so in a written statement sent to Our administrative office. All or part of the Proceeds may be applied to a payment option if the amount applied is at least \$5,000 and will provide an installment payment of at least \$50. The payment option benefit amount will not be less than 100% of a monthly annuity which can be purchased as a single premium immediate annuity, at Our then published settlement option rates. We will protect Proceeds paid under a payment option from creditors' claims and legal process, to the extent allowed by law.

You may elect a payment option during the Insured Person's lifetime. The Beneficiary may also elect a payment option if Proceeds are payable to the Beneficiary.

The person receiving payments under a payment option is the payee. If a payee chooses lifetime payments, We may require proof of a payee's age. We must agree to a payment option if the payee is an assignee or if the payee is other than a natural person (such as a corporation or a partnership). If this policy is assigned as payment of a loan, We will pay the assignee in a lump sum.

We will provide the payee with a payment contract that explains how We make payments under the chosen payment option. The payment contract will control payments if a payee dies before We make all payments. Payment contracts cannot be assigned.

Payment Option 1: Payment for a Fixed Period. Payments are in equal installments for a fixed period of years, not to exceed 30 years. Payments will not be less than as shown in the Payment Option 1 table and may be increased by additional interest.

Payment Option 2: Payment of a Fixed Amount. Fixed payments are made in installments until the Proceeds and interest at 1% are depleted. Additional interest may be paid which will extend the number of payments. Yearly payments must be at least \$60 for each \$1,000 of Proceeds applied.

Payment Option 3: Left at Interest. We will pay interest periodically on amounts left with Us. The interest rate paid will not be less than 1% per year. Additional interest may be paid.

Other Options. We may offer additional payment options on the date a payment option is elected. Upon request, We will provide the payment terms for any available payment option.

BENEFICIARY

Unless otherwise stated in this policy, in any payment contract in effect under this policy or in a Beneficiary designation in effect under this policy, the following applies to any and all Beneficiaries:

1. Only a surviving Beneficiary has an interest in any Proceeds. Surviving means living at least 120 hours beyond the deceased Insured Person.
2. A Beneficiary is either a primary Beneficiary or a contingent Beneficiary. A surviving primary Beneficiary's interest in the Proceeds is superior to, and exclusive of, that of any contingent Beneficiary. Proceeds are payable to the contingent Beneficiary only if no primary Beneficiary survives the deceased Insured Person.
3. We will pay the Proceeds to the Beneficiary surviving at the time of the Insured Person's death. We may require proof of age, gender (unless this policy was issued on a gender-neutral basis, in which case male rates will be assumed) or of the continued survival of any Beneficiary. We may rely on the affidavit of any responsible person to determine the identity of any Beneficiary not identified by name, or whether any Beneficiary not identified by name is living.
4. All surviving Beneficiaries in the same class (primary or contingent) will share equally, unless specified otherwise.
5. After the death of all designated Beneficiaries, We will pay the Proceeds payable to You or Your successors, transferees or estate.
6. To the extent allowed by law, We will protect the payment of Proceeds and interest to a Beneficiary from creditors' claims and legal process.

TERMINATION

This policy will terminate on the earliest of the following:

- when any premium due for this policy is not paid or postmarked in the United States before the end of the Grace Period;
- the date the Face Amount is less than \$25,000 due to conversion;
- the date We receive written notice to terminate this policy, unless the notice specifies a later date;
- upon the Insured Person's death; or
- the Expiration Date listed on the Schedule.

CONVERSION OPTION

You may elect to convert this policy's insurance to a new individual policy of insurance without submitting Evidence of Insurability. Conversion will be to a permanent plan of insurance We offer for conversion at the time You elect to convert. Except as otherwise provided, conversion can only be made if all of the following conditions are met:

- the request for conversion is made prior to the end of the conversion period shown on the Schedule (You may not convert this policy after the conversion period expires);
- the Insured Person is living and this policy is in force; and
- all renewal premiums have been paid.

Converted Policy. Conversion will be effective upon Our receipt of Your request and payment of the new policy's first premium. The new policy's date of issue is the Due Date on which the conversion is made. Insurance coverage under the new policy is effective on the new policy's date of issue.

The amount of insurance converted from this policy cannot be less than \$10,000 and cannot exceed this policy's Face Amount and is subject to the balance, if any, of the Contestable Period and Suicide sections, as measured from this policy's Issue Date. Premiums for the new policy will be based on Our then current rates, the Insured Person's Attained Age and gender (unless this policy was issued on a gender-neutral basis, in which case male rates will be assumed). The converted policy will be subject to the remainder of any time periods stated in this policy.

If this policy includes a waiver of premium rider, the new policy will include such a rider offered by Us, unless the Insured Person is "totally disabled," as defined in such rider, or the rider is not in force at the time of the conversion. If this policy does not include a waiver of premium rider, the new policy may include such a rider if We receive satisfactory Evidence of Insurability upon request, and if We agree to include such a rider.

If this policy includes a critical illness rider, the new policy will include such a rider offered by Us, unless the Insured Person has received the maximum percentage of benefit amount for each category, or the rider is not in force at the time of the conversion. If any benefit amount has been paid under the rider, such condition(s) will be excluded from coverage under the conversion rider. If this policy does not include a critical illness rider, the new policy may include such a rider if We receive satisfactory Evidence of Insurability upon request, and if We agree to include such a rider.

If this policy includes a disability income rider, the new policy will include such a rider offered by Us, unless the Insured Person is "totally disabled," as defined in such rider, or the rider is not in force at the time of the conversion. If this policy does not include a disability income rider, the new policy may include such a rider if We receive satisfactory Evidence of Insurability upon request, and if We agree to include such a rider.

GENERAL PROVISIONS

Appeal. Prior to filing any lawsuit against Us, You or Your Beneficiary, if You are deceased, must complete an appeal. The appeal request must be in writing and must be made within 180 days after receipt of Our denial decision. We will provide written notice of Our decision within 15 days of Our receipt of the appeal. This section will conform to the applicable law in the state where this policy is delivered or issued for delivery.

Application Statements. No statement will void this policy or any attached riders, or be used to deny a claim, unless You made the statement in the Application.

In the absence of fraud, statements made in the Application are deemed representations and not warranties. Representations are statements that, to the best of Your knowledge and understanding, represent the truth. Warranties are statements that are guaranteed to be true. If We considered Your statements as warranties, We could cancel this policy for any inaccuracy – even an honest mistake.

Assignment. You can transfer, or assign, some or all of this policy's rights, while the Insured Person is alive, to someone else by making a contract with that person. We are not responsible for the validity of any assignment of this policy, nor are We bound by any assignment until We receive a copy of the assignment at Our administrative office.

When We furnish written acknowledgment of the assignment, the assignment becomes effective on the date You signed Our form, unless a later date is specified. We are not liable for payments made or action taken prior to Our written acknowledgment of the assignment.

Change of Beneficiary. You may change the Beneficiary while the Insured Person is alive by completing and signing a form provided by Us for changing the Beneficiary and returning the form to Our administrative office for Our written acknowledgment.

Naming a new Beneficiary voids any prior designation, unless otherwise stated in the new designation.

When We furnish written acknowledgment of the change of Beneficiary, the change becomes effective on the date You signed Our form, unless otherwise specified. We are not liable for payments made or action taken prior to Our written acknowledgment of the Beneficiary change.

Change of Ownership. You may change ownership while the Insured Person is alive by completing and signing a form provided by Us for changing ownership and returning the form to Our administrative office for Our written acknowledgment.

Naming a new Owner voids any prior designation, unless otherwise stated in the new designation.

When We furnish written acknowledgment of a change of ownership, the change becomes effective on the date You signed Our form, unless otherwise specified. We are not liable for payments made or action taken prior to Our written acknowledgment of the ownership change. An ownership change will not change the Beneficiary or the payment option chosen.

Conformity with Standards. This policy is approved under the authority of the Interstate Insurance Product Regulation Commission (Commission) and issued under Commission standards. Any provision of this policy that, on the provision's effective date, is in conflict with Commission standards for this product type is hereby amended to conform to the Commission standards for this product type as of the provision's effective date.

Contestable Period. We have the right to contest the validity of this policy and any attached riders based on material misrepresentations made in the initial Application. However, We cannot contest the validity of this policy or any attached riders after it has been in force during the Insured Person's lifetime for two years from the Issue Date, except for fraudulent misstatements in the Application when permitted by applicable law in the state where this policy is delivered or issued for delivery.

We have the right to contest the validity of a change or reinstatement of this policy and any attached riders based on material misrepresentations made in the Application for change or reinstatement. However, We cannot contest a change or reinstatement after this policy has been changed or reinstated and in force during the Insured Person's lifetime for two years from the change effective date or Reinstatement Date, except for fraudulent misstatements in the Application for change or reinstatement when permitted by applicable law in the state where this policy is delivered or issued for delivery.

Duty of Cooperation. Any Insured Person, Owner or Beneficiary shall reasonably cooperate during any investigation or adjudication of a claim. This cooperation shall include providing information We request and authorizing the release of medical records to Us.

Entire Contract; Changes: The entire contract consists of this policy, which includes the Application and any riders, endorsements, amendments or any other papers We have attached. No change in this policy will be effective until approved by one of Our officers, and unless such approval is endorsed and attached to this policy. No sales representative has authority to change this policy or to waive any of its provisions.

Misstatement of Age and/or Gender. If the Insured Person's age and/or gender (if this policy was issued on a gender-distinct basis) is misstated in the Application, We will revise this policy and any applicable riders' benefit amounts to the amount the premium paid would have purchased for the correct age and/or gender (if this policy was issued on a gender-distinct basis). The revised Face Amount will use Our published rates in effect on the Issue Date.

Ownership. The Insured Person is the Owner of this policy, unless the Owner is changed or a different Owner is named in the Application and shown on the Schedule or later named on a form provided by Us for changing ownership. This policy belongs to You, and all policy rights may be exercised by You. If there is no living Owner at the time of Your death, the ownership will transfer to the Insured Person, if different.

If the Insured Person is a minor child, the Insured Person's conservator is authorized to administer the Insured Person's ownership rights until the Insured Person attains age of majority as defined by the state in which the policy was issued.

Reserves. The values of this policy meet or exceed the NAIC Standard Non-forfeiture Law for Life Insurance, model #808. We have filed a detailed statement of calculation methods with the Interstate Insurance Product Regulation Commission. We have used the 2017 Commissioner's Standard Ordinary Smoker/Non-Smoker, Male/Female, Select and Ultimate Mortality Table to establish policy reserves.

Suicide. If the Insured Person dies by suicide within two years of the Issue Date, Our liability is limited to a refund of premiums paid, less benefits paid under any riders. If the Insured Person dies by suicide within two years of the last Reinstatement Date, Our liability is limited to a refund of premiums paid since the last Reinstatement Date, less benefits paid under any riders.